

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

NORTHEAST KENTUCKY REGIONAL
INDUSTRIAL AUTHORITY, INC.,

COMPLAINANT

v.

KENTUCKY POWER COMPANY D/B/A
AMERICAN ELECTRIC POWER,

DEFENDANT.

CASE NO. 2003-00279

RECEIVED

AUG 11 2003

PUBLIC SERVICE
COMMISSION

ANSWER OF KENTUCKY POWER COMPANY
D/B/A AMERICAN ELECTRIC POWER

Kentucky Power Company d/b/a American Electric Power ("Kentucky Power") for its answer to the Complaint filed by Northeast Kentucky Regional Industrial Authority, Inc. ("NEKRIA") states:

1. Kentucky Power is without information sufficient to admit or deny the allegations in the first paragraph of the Complaint and therefore denies the same.

Response to Count I

2. On February 26, 1999 Kentucky Power and NEKRIA entered into an "Advance and Refund Agreement to Provide for Extension of Service" ("Agreement") providing for electrical service by Kentucky Power to two delivery points, one located on the boundary of Site A and one located on the boundary of Site B. A copy of the Agreement, which was approved by the Commission on March 23, 1999, effective April 1, 1999, is attached as Exhibit 1 to this answer. Under the Agreement, Kentucky Power and NEKRIA were to share equally the cost of the facilities to provide power to a delivery point on the boundary (the "front door") of Site A and Site B of NEKRIA's

industrial park located on the north side of Interstate 64 at mile marker 179 in Boyd, Carter and Greenup counties. The cost of providing distribution facilities within Sites A and B was not part of the Agreement. Pursuant to the Agreement, NEKRIA paid Kentucky Power \$421,500, which represented the amount due under the Agreement for constructing facilities to provide service to the front doors of Sites A and B. Under the Agreement, the amount paid by NEKRIA for construction of the facilities to provide service to the front doors of Sites A and B was to be refunded up to the amount of revenue received by Kentucky Power during the first ten years of service. The entire amount advanced by NEKRIA under the Agreement has been refunded by Kentucky Power.

3. The distribution service facilities within Site A were provided in accordance with paragraph 3 of Kentucky Power's Terms and Conditions of Service. A copy of the pertinent portion of Kentucky Power's Terms and Conditions of Service is attached as Exhibit 2. Under paragraph 3 of its Terms and Conditions of Service, Kentucky Power develops a "least cost" plan for construction of the distribution facilities. If the customer elects service through facilities different from those in the "least cost" plan, the customer is required to bear the difference between the "least cost" plan and the means elected by the customer. There is no provision under paragraph 3 of Kentucky Power's Terms and Conditions of Service for an "advance and refund" of the cost differential between the "least cost" plan and the cost of a different plan required by the customer. Contrary to NEKRIA's allegations, construction of distribution service facilities within Site A was not provided pursuant to the Agreement. Kentucky Power determined that the "least cost" plan of service was along the streets of Site A. NEKRIA elected to receive

distribution service along the rear of the flat portions of the lots in Site A. Because the cost of such service approximated the cost of the "least cost" plan, no charge was made by Kentucky Power for the distribution service.

4. Kentucky Power provided street lighting to Site A pursuant to paragraph 6 of the Terms and Conditions of Service. A copy of paragraph 6 of the Terms and Conditions of Service is attached as Exhibit 3. The charge for ten street lights was \$9,908.52. Under paragraph 6 of Kentucky Power's Terms and Conditions of Service, the cost of the street lights did not include the cost of trenching or back filling the trench. Such service was provided by General Telephone Company or its contractor at no cost to Kentucky Power. As a result, Kentucky Power did not charge NEKRIA for such work in connection with its provision of street lights to Site A.

5. The charge for construction of the distribution facilities within Site B was calculated in accordance with paragraph 3 of Kentucky Power's Terms and Conditions of Service, the same provision applicable to distribution facilities within Site A. The \$187,352 paid by NEKRIA to Kentucky Power represented the difference between the cost of providing such service along the rear of the lots in Site B and the cost of providing distribution service in accordance with the "least cost" plan, pursuant to which service would be provided along the streets of Site B. Differences in topography of Sites A and B caused the differential in the cost of providing distribution service to Sites A and B. These differences included, but are not limited to, a longer route, much more difficult terrain, including deep ravines, and the need to use 2 and 3 pole (transmission-type) structures within Site B.

6. Kentucky Power agreed to provide street lighting to Site B pursuant to paragraph 6 of its Terms and Conditions of Service. The proposed charge for 53 street lights was \$90,892.00. The November 1, 2001 proposal to provide the street lights for Site B clearly stated that the cost of trenching, conduit and backfilling was the responsibility of NEKRIA. A copy of the proposal is attached as Exhibit 4. The difference in the cost of providing street lighting for Sites A and B resulted from requirement for 5 pad-mounted transformers in Site B, as opposed to a single overhead transformer in Site A, and the need to use primary cable in Site B, as opposed to the secondary cable used in Site A due to the number of lights and longer distance involved in Site B. Subsequently, NEKRIA modified its request and only 35 street lights were installed. Kentucky Power refunded NEKRIA \$1,226.55, which represented the difference between the \$90,892 paid by NEKRIA and the sum of the cost of the 35 lights, plus the attendant trenching, conduit and backfilling. Kentucky Power did not provide trenching and backfilling in connection with the underground service to street lights in Site A and thus its charge for such service in connection with Site B is wholly consistent with the manner in which such underground street light service was provided to Site A and paragraph 6 of its Terms and Conditions of Service.

7. AEP is without information sufficient to admit or deny the allegations contained in the first three sentences of the second paragraph of Count I and the final sentence of paragraph 3 of Count I and therefore denies the same. Further, Kentucky Power admits the allegations in third and fourth sentences of paragraph 2 and the first two sentences of paragraph 4 of Count I. AEP denies all other allegations of Count I of NEKRIA's complaint and expressly denies that its charges and practices with respect to

service to Sites A and B varied from or breached its Advance and Refund Agreement to Provide for Extension of Service with NEKRIA, or its applicable tariffs and applicable Terms and Conditions and Service.

Response to Count II

8. Kentucky Power constructed the distribution lines within, and provided street lighting to, Sites A and B in a timely and reasonable manner and provided adequate, efficient and reasonable service at all times. Upon information and belief, Kentucky Power states that its facilities were in place to serve customers and that no customer was adversely affected by the installation of distribution facilities in Sites A and B. Further, Kentucky Power on one or more occasions delayed work on Site B while streets were installed, tenant's buildings were inspected and right of way documents executed by NEKRIA.

9. Kentucky Power admits that the final 1,250 feet of three-phase overhead distribution service to the service center in Site B is not complete. Kentucky Power's personnel believed that substantial filling would be required in the area where the uncompleted portion is to be installed. By letter dated December 12, 2002, Kentucky Power notified NEKRIA that Kentucky Power was prepared to proceed with the installation of the final portion of the distribution system for Site B if NEKRIA would agree to compensate Kentucky Power for all costs associated with moving the facilities if required by the additional fill after the installation of the facilities. Alternately, Kentucky Power offered to refund to NEKRIA that relevant portion, as calculated under Kentucky Power's Terms and Conditions of Service, of the overall cost associated with the uncompleted portion. A copy of the December 12, 2002 letter is attached as Exhibit

5. To date, NEKRIA has not informed Kentucky Power of its choice.

10. Kentucky Power denies those allegations of Count II inconsistent with the averments in paragraphs 8 and 9 of this Answer, and specifically denies that its actions were unreasonable, inefficient or inadequate or that NEKRIA is entitled to interest.

Wherefore, Kentucky Power Company d/b/a American Electric Power respectfully requests that:

1. The complaint of Northeast Kentucky Regional Industrial Authority, Inc. be dismissed with prejudice;
2. It be awarded all other relief to which it may be entitled.


A handwritten signature in black ink, appearing to read 'Mark R. Overstreet', is written over a horizontal line.

Mark R. Overstreet
STITES & HARBISON PLLC
421 West Main Street
P.O. Box 634
Frankfort, KY 40602-0634
Telephone: (502) 223-3477
COUNSEL FOR DEFENDANT

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Answer was served by United States First Class Mail, postage prepaid, on this 11th day of August, 2003 upon:

Brian C. McCloud
McCloud Law Offices
517 Greenup Avenue
Raceland, Kentucky 41169


Mark R. Overstreet

KE057:KE156:9662:3:FRANKFORT



MAR 24 1999

COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION
730 SCHENKEL LANE
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FRANKFORT, KENTUCKY 40602
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Paul E. Patton
Governor

Ronald B. McCloud, Secretary
Public Protection and
Regulation Cabinet

Helen Helton
Executive Director
Public Service Commission

March 23, 1999

Mr. Errol K. Wagner
Director of Regulatory Affairs
American Electric Power
1701 Central Avenue
P.O. Box 1428
Ashland, Kentucky 41105-1428

RE: Advance and Refund Agreement to Provide for Extension of Service between
Kentucky Power Company d/b/a American Electric Power and The Northeast
Kentucky Regional Industrial Park Authority d/b/a Eastpark

Dear Mr. Wagner:

The above referenced filing has been received and reviewed. An accepted copy
is enclosed for your files.

Sincerely,

Jordan C. Neel
Tariff Review Branch Manager
Filings Division



RECEIVED

MAR 19 1999

PUBLIC SERVICE
COMMISSION

**ADVANCE AND REFUND AGREEMENT
TO PROVIDE FOR
EXTENSION OF SERVICE**

This Advance and Refund Agreement to provide for Extension of Service made and entered into this 26th day of February, 1999 by and between KENTUCKY POWER COMPANY d/b/a AMERICAN ELECTRIC POWER, hereinafter called "Company" and NORTHEAST KENTUCKY REGIONAL INDUSTRIAL PARK AUTHORITY d/b/a EASTPARK, hereinafter called "Customer".

Whereas an extension of Company's electric service facilities is necessary before service can be rendered to Customer's industrial park located on the north side of Interstate 64 at mile marker 179 in Boyd, Carter and Greenup counties and the duration and degree of operation of existing or potential loads are uncertain hence the estimated and minimum guaranteed revenues to be received by Company are problematical, and the cost of the necessary facilities to supply such service requires that Company request Customer for an advance and refund of revenue in accordance with provisions in Company's Terms and Conditions of Service as provided in the paragraph entitled "Extension of Service".

Now, therefore, the parties hereto, each in consideration of the promises and undertakings of the other hereinafter set forth, agree as follows:

SECTION I.

Customer shall:

- (a) Execute Company's standard agreement, embodying its Terms and Conditions of Service except as modified herein, together with the applicable tariff, which agreement and any renewal or substitution thereof, providing for supply of service at the same point of delivery at voltages not to exceed 34,500 Kv, will hereinafter be referred to as "Power Contract".
- (b) Upon execution of this agreement and Power Contract pay Company the sum of ~~\$421,500~~ Such prepayment of revenue will hereinafter be referred to as "Revenue Advance".
- (c) Agree that title to the facilities in the extension shall be vested in and remain with the Company.

PUBLIC SERVICE COMMISSION
OF KENTUCKY
APPROVED

APR 01 1999

SECTION II.

Subject to the provisions of Sections I and III hereof, Company shall:

- (a) Upon execution of this agreement and Power Contract and receipt of Revenue Advance, take the necessary steps and make every reasonable effort to install the necessary facilities up to the point of delivery as provided in Power Contract so as to render service as quickly as reasonably possible.
- (b) Compute the monthly bills for electric service for customers locating within the industrial park. In consideration of the Revenue Advance, Customer shall be entitled, for a period of one hundred and twenty (120) months after commencement of service date (as defined in Section III (a) below) under the Power Contract, to receive a refund equal to the monthly revenues realized from the customers located within EastPark.
- (c) The monthly refund shall cease at the earlier of: (1) the conclusion of the one hundred and twentieth (120) month after commencement of service date (as defined in Section III (a) below) or (2) when the sum of the monthly refunds is equal to the amount set forth in Section I (b) above.

PURSUANT TO 807 KAR 5.011,
SECTION 9 (1)

BY: Stephan O. Bell
SECRETARY OF THE COMMISSION

SECTION III.

- (a) This agreement shall become effective on the day first above written and shall terminate ten years after the day on which facilities referred to in Section II (a) above are first energized and made available for use by the Customer (which date shall be the Commencement of Service date referred to in Section II (b) above).
- (b) At the conclusion of this agreement the Customer shall have no further claim to the amount, if any, remaining of Revenue Advance which has not been refunded previously to the Customer.
- (c) In no case shall the total amount of refund by Company exceed the Revenue Advance paid by Customer under this agreement.
- (d) Revenue Advance will not draw interest.
- (e) This agreement shall not be assigned by Customer or any subsequent assignee, without Customer, or such assignee having first obtained Company's consent in writing thereto.
- (f) This agreement shall be subject to and not become effective until final approval by the Kentucky Public Service Commission (including any appeal).

IN WITNESS WHEREOF: The parties hereto have caused this agreement to be duly executed on the day and year first above written.

KENTUCKY POWER COMPANY d/b/a
AMERICAN ELECTRIC POWER

By E. H. Wagner

Title asst Secretary

NORTHEAST KENTUCKY REGIONAL INDUSTRIAL
PARK AUTHORITY d/b/a EASTPARK

By C. W. Stevens

Title Vice Chairman

Attest: Angelina Dvorak

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

APR 01 1999

PURSUANT TO 807 KAR 5.011,
SECTION 9 (1)

BY: Stephan D. Bell
SECRETARY OF THE COMMISSION

American Electric Power
1701 Central Avenue
P.O. Box 1428
Ashland, KY 41105-1428

C60-312



Ms. Helen C. Helton
Executive Director
Kentucky Public Service Commission
P. O. Box 615
730 Schenkel Lane
Frankfort, KY 40602

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

March 19, 1999

APR 01 1999

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MAR 19 1999

PUBLIC SERVICE
COMMISSION

PURSUANT TO 807 KAR 5:011,
SECTION 9 (1)

Dear Ms. Helton:

BY: Stephan D. Bell
SECRETARY OF THE COMMISSION

Enclosed for filing are the original and ten copies of an Advance and Refund Agreement to Provide for Extension of Service between Kentucky Power Company d/b/a American Electric Power (herein called "Company") and The Northeast Kentucky Regional Industrial Park Authority d/b/a Eastpark (herein called "Customer"). Pursuant to 807KAR5:011, Section 13, the Company requests approval of this special contract on or before April 1, 1999.

The Company and the Customer are proposing to extend the time period of this Advance and Refund from the sixty (60) month time period, as filed in the Company's Terms and Conditions of Service, to a one hundred and twenty (120) month time period. The reason for the extension of time in which the advance will be refunded is due to unique characteristics as stated below.

The normal application of an Advance and Refund is an agreement between the Company and one customer's facilities. That one customer has control over how fast the facilities are placed into full operation. However, in this circumstance the Advance and Refund is an agreement with The Northeast Kentucky Regional Industrial Park Authority which will encompass several customers. These customers will need to locate their operations within the Industrial Park which is the reason for the proposed extension of time.

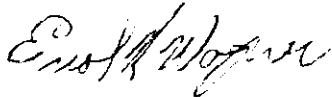
As the monthly revenues are realized from the customers which have located within the Industrial Park, that monthly amount of revenues will reduce the level of Advance and Refund which is recorded on the Company's books. If, and when, the total amount refunded to the Authority equals the level of advance which was paid to the Company, the refunds will stop. The time period will not exceed one hundred and twenty months nor will the total amount refunded be greater than the amount paid to the Company.

Ms. Helen C. Helton
19 March 1999
Page 2

The Authority would like these facilities to be placed in service by October 1, 1999. In order to meet the in service date, the Company needs to start construction by April 15, 1999. Construction cannot start until after the Commission's approval of the special contract.

We would hope that the Commission agrees with both the Company and the Authority that this is an exciting economic opportunity for eastern Kentucky.

Sincerely,



Errol K. Wagner
Director of Regulatory Affairs

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

APR 01 1999

PURSUANT TO 807 KAR 5:011,
SECTION 9 (1)

BY: Stephan O. Bue
SECRETARY OF THE COMMISSION

TERMS AND CONDITIONS OF SERVICE

1. APPLICATION.

A copy of the tariffs and standard terms and conditions under which service is to be rendered to the Customer will be furnished upon request at the Company's office and the Customer shall elect upon which tariff applicable to his service his application shall be based.

A written agreement may be required from each Customer before service will be commenced. A copy of the agreement will be furnished to the Customer upon request.

When the Customer desires delivery of energy at more than one point, a separate agreement will be required for each separate point of delivery. Service delivered at each point of delivery will be billed separately under the applicable tariff.

2. INSPECTION.

It is to the interest of the Customer to properly install and maintain his wiring and electrical equipment and he shall at all times be responsible for the character and condition thereof. The Company makes no inspection thereof and in no event shall be responsible therefor.

Where a Customer's premises are located in a municipality or other governmental subdivision where inspection laws or ordinances are in effect, the Company may withhold furnishing service to new installations until it has received evidence that the inspection laws or ordinances have been complied with.

Where a Customer's premises are located outside of an area where inspection service is in effect, the Company may require the delivery by the Customer to the Company of an agreement duly signed by the owner and tenant of the premises authorizing the connection to the wiring system of the Customer and assuming responsibility therefor. No responsibility shall attach to the Company because of any waiver of this requirement.

3. SERVICE CONNECTIONS.

Service connections will be provided in accordance with 807 KAR 5:041, Section 10.

The Customer should in all cases consult the Company before his premises are wired to determine the location of Company's point of service connection.

The Company will, when requested to furnish service, designate the location of its service connection. The Customer's wiring must, except for those cases listed below, be brought outside the building wall nearest the Company's service wires so as to be readily accessible thereto. When service is from an overhead system, the Customer's wiring must extend at least 18 inches beyond the building. Where Customers install service entrance facilities which have capacity and layout specified by the Company and/or install and use certain utilization equipment specified by the Company, the Company may provide or offer to own certain facilities on the Customer's side of the point where the service wires attach to the building.

All inside wiring must be grounded in accordance with the requirements of the National Electrical Code or the requirements of any local inspection service authorized by a state or local authority.

When a Customer desires that energy be delivered at a point or in a manner other than that designated by the Company, the Customer shall pay the additional cost of same.

(Cont'd on Sheet No. 2-2)

DATE OF ISSUE	<u>January 30 1996</u>	DATE EFFECTIVE	<u>February 26, 1992</u>
ISSUED BY	<u>E. K. WAGNER</u>	DIRECTOR OF RATES	<u>ASHLAND, KENTUCKY</u>
	<u>NAME</u>	<u>TITLE</u>	<u>ADDRESS</u>
<u>Issued pursuant to Public Service Commission Regulation 807KAR5:006 effective February 26, 1992</u>			

TERMS AND CONDITIONS OF SERVICE (Cont'd)

6. UNDERGROUND SERVICE.

When a real estate developer desires an underground distribution system within the property which he is developing or when a Customer desires an underground service, the real estate developer or the Customer, as the case may be, shall pay the Company the difference between the anticipated cost of the underground facilities so requested and the cost of the overhead facilities which would ordinarily be installed in accordance with 807 KAR 5:041, Section 21, and the Company's underground service plan as filed with the Public Service Commission. Upon receipt of payment, the Company will install the underground facilities and will own, operate and maintain the same.

7. COMPANY'S LIABILITY.

The Company will use reasonable diligence in furnishing a regular and uninterrupted supply of energy, but does not guarantee uninterrupted service. The Company shall not be liable for damages in case such supply should be interrupted or fail by reason of an act of God, the public enemy, accidents, labor disputes, orders or acts of civil or military authority, breakdowns or injury to the machinery, transmission lines, distribution lines or other facilities of the Company, or extraordinary repairs.

Unless otherwise provided in a contract between company and Customer, the point at which service is delivered by Company to Customer, to be known as "delivery point," shall be the point at which the Customer's facilities are connected to the Company's facilities. The Company shall not be liable for any loss, injury, or damage resulting from the Customer's use of his equipment or occasioned by the energy furnished by the Company beyond the delivery point.

The Customer shall provide and maintain suitable protective devices on his equipment to prevent any loss, injury or damage that might result from single phasing conditions or any other fluctuation or irregularity in the supply of energy. The Company shall not be liable for any loss, injury or damage resulting from a single phasing condition or any other fluctuation or irregularity in the supply of energy which could have been prevented by the use of such protective devices.

The Company will provide and maintain the necessary line or service connections, transformers (when same are required by conditions of contract between the parties thereto), meters and other apparatus which may be required for the proper measurement of and protection to its service. All such apparatus shall be and remain the property of the Company.

8. CUSTOMER'S LIABILITY.

In the event of loss or injury to the property of the Company through misuse by, or the negligence of, the Customer or the employees of the same, the cost of the necessary repairs or replacement thereof shall be paid to the Company by the Customer.

Customers will be responsible for tampering with, interfering with, or breaking of seals of meters, or other equipment of the Company installed on the Customer's premises. The Customer hereby agrees that no one except the employees of the Company shall be allowed to make any internal or external adjustments of any meter or any other piece of apparatus which shall be the property of the Company.

The Company shall have the right at all reasonable hours to enter the premises of the Customer for the purpose of installing, reading, removing, testing, replacing or otherwise disposing of its apparatus and property, and the right of entire removal of the Company's property in the event of the termination of the contract for any cause.

(Cont'd on Sheet 2-5)

DATE OF ISSUE January 30, 1996DATE EFFECTIVE February 26, 1992ISSUED BY E. K. WAGNER
NAMEDIRECTOR OF RATES
TITLEASHLAND, KENTUCKY
ADDRESS

Issued pursuant to Public Service Commission Regulation 807KAR5:006 effective February 26, 1992

Overview-Electrical Distribution Site B East Park

- AEP has provided Total 17 Design Estimates per Customer Request
- Electrical Distribution Estimates include;
 - Overhead Distribution following proposed roadway
 - Overhead Distribution following rear of Site B Lots
 - Overhead Distribution to cul-de-sac Site B Lots
- Electrical Underground Distribution following proposed Site B Roadway
- Street Lighting to all Site B Locations
 - Option for connection through Underground along roadway
 - Option for connection from Electrical Distribution at rear of Site B Property

Customer Request – Roadway Lighting

- Underground along Site B Roadway
 - Served from Rear Property Electrical Distribution
 - Customer Charge \$124,135
 - Customer to Provide Trenching and Conduit
 - All Site B Lot Locations Served
 - 74 Fixtures Total
 - Tariff Code 528 400 Watt HPS Street Light mounted on Metal Pole
 - Monthly Tariff Charge \$19.18 per Lamp
- Underground along Site B Roadway served from Underground Electrical Distribution
 - Customer Charge \$86,458
 - Customer to Provide Conduit and Trenching
 - All Site B Lot Locations Served
 - 74 Fixtures Total
 - Tariff Code 528 400 Watt HPS Street Light mounted on Metal Pole
 - Monthly Tariff Charge \$19.18 per Lamp

Preferred Service-Overhead Electrical Distribution

- Total AEP Cost \$56,480 for Electrical Distribution Extended to Rear Property Line Lot 8 & 9
 - No cost to customer
- Continue Electrical Distribution along Roadway Site B serving Spec Building #2 and terminating end of Service Center Road.
 - AEP Cost \$29,602
 - No cost to customer
- Tap Electrical Distribution Network extending circuits to Lots 10 through 17 and lots 20 through 23
 - No committed customer's therefore customer incur's facility charge of \$56,192
 - Potential Advance and Refund Application for this Extension of Service Only
- Confirmed Site B Customer's by Northeast Kentucky Park Authority
 - Ohio Valley Wholesale
 - Ashland Technical College
 - Shell Buildings 1 & 2
 - Kings Daughters Medical Center
- Electrical Service to each Lot Served Underground
 - Customers requesting Application for Electrical Service incur Underground Differential Charge

Customer Request-Rear Property Electrical Distribution

- Overhead Electrical Distribution to rear Property Line Lots 9 and 10
 - Includes Overhead Tap Extensions to Property line at South Spec Building/Ohio Valley Wholesale
 - Overhead Tap to Property Line Lot 7 for Service to Technical College Campus
 - Customer Charge \$118,517
- Overhead Electrical Distribution extended to Rear of Service Center Road
 - Customer Charge \$68,835
- Total Customer Charge for Electrical Distribution at Rear of Site B Property(excluding lots 10-13 and 20-23) \$187,352
- Upon Receipt of Payment, Applicable Services will be included in the Planning Work Schedule
- Tap Electrical Distribution(rear property) extending Service to Lots 11 - 13, and Lots 20 – 23
 - Incremental Customer Charge of \$55,261
 - Possible Future Cost Justification of Service with confirmed Customer Electrical Load
- Electrical Service to each Lot Served Underground
 - Customers requesting Application for Electrical Service incur Underground Differential Charge

Customer Request – Underground Electrical Distribution

- Electrical Distribution extended underground along Site B Roadway
- Two Supply Sources Interconnected with Loop Circuits
- Customer Charge \$478,747
- Customer Provides Trenching and Conduit



Brian McCloud, Esq.
Attorney at Law
517 Greenup Avenue
Raceland, KY 41169

December 12, 2002

Dear Mr. McCloud:

In response to your letter of December 2, 2002 regarding the electric service to EastPark and the streetlights, I've summarized below the recommendations from our engineering group.

1. The final 1,250 feet of three-phase overhead to the service center area has basically been on hold until the final plan for that section is complete. Our engineers believe that there needs to be substantial filling in the area where our poles are planned to be. Our options are to proceed, but with the knowledge that if we have to replace the poles with higher ones or move the facilities after they're initially installed, EastPark will be required to pay for that relocation. If you would prefer that we wait until the final ground levels are established, we can refund that portion of the overall cost of the project. When the area is ready at final grade, we could issue a new engineering estimate for the facilities.
2. We're ready to install the service to the shell buildings; however, the contractor has not received the final electrical inspection. As soon as we've been informed that the inspections are finished and approved, we'll install the services.
3. Our contractor, Davis Elliott, has informed us that they will have the street lighting project complete no later than February 1, 2003 unless inclement weather causes undue delay.

With respect to your request for interest on the monies paid for this project, we have followed our Terms and Conditions of Service, as approved by the Kentucky Public Service Commission, therefore the request is denied.

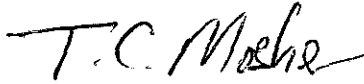
December 12, 2002

Page two

Concerning the reiterated request for an advance and refund agreement for site B, I've attached a copy of my letter to you dated May 2, 2002 in which our position is presented.

Please let me know if you would prefer that we move forward with the final 1,250 feet of primary to the service center area or calculate a refund of that portion of the advance.

Sincerely,



Timothy C. Mosher
Kentucky State President

C: E. K. Wagner wo/a
 E. J. Clayton wo/a
 Joe Pemberton wo/a
 Everett Phillips wo/a
 Gene Jensen wo/a
 Tom Dorman, Executive Director, PSC w/a

American Electric Power
101A Enterprise Drive
P O Box 5190
Frankfort, KY 40602-5190
www.aep.com



Brian C. McCloud
Attorney At Law
517 Greenup Avenue
Raceland, KY 41169

May 2, 2002

Dear Mr. McCloud:

Your letter to Dr. E. Linn Draper, President, Chairman and CEO of American Electric Power, was referred to me for further review concerning our Advance and Refund policy, our contribution in aid to construction policy, and underground charges. I hope to provide you with sufficient information to conclude that we are providing service to EastPark completely within the guidelines established in our Terms and Conditions of Service (T&CS) as filed with the Kentucky Public Service Commission (copy attached).

At site "A", we were faced with a significant investment, \$843,000, to get power to the site even before there were any customers committed to locate in the park. Senior management at AEP agreed to support the development of the park by absorbing half of the project cost and asking EastPark for an Advance and Refund agreement for the remaining \$421,500. As detailed in our T&CS, paragraph 9, Extension of Service, we have the right to ask a customer for an Advance and Refund agreement when "...there may be question as to...the estimated energy use and demand requirements provided by the customer." In fact, to date, as a result of the growth at EastPark, a total of \$300,902 has been refunded. We anticipate the entire amount will have been refunded by the end of this year.

When the extension of facilities was requested by NEKRIA to serve new customers in site "B" development, we estimated an expenditure of \$86,082 to install our facilities along the roadway serving proposed customer lot locations. (Future development along Commerce and Technology Drive cul-de-sac areas is covered by a separate AEP estimate.) We chose not to request an Advance and Refund agreement for site "B" based on the NEKRIA's commitment of future electrical load growth and the positive revenue experience from site "A" development.

Placing the Company's facilities along the roadway is the designated and least cost method of providing service to the customers at this location. However, at the request of NEKRIA, our facilities were engineered to be installed at the rear of site "B" property lines, resulting in additional expenditures of \$187,352 due to

May 2, 2002
Page two

the longer route and crossing more difficult terrain. That cost, which is not subject to Advance and Refund, is collectible from the customer as defined in our T&CS paragraph 3, Service Connections.

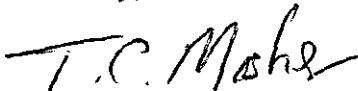
With respect to the street lighting cost of \$90,892, that is the direct result of the decision by NEKRIA to have our primary facilities located on the rear property line of site "B". We were then required to install transformers and primary and secondary conductors to serve the lighting. Although the poles and light fixtures were included in the street lighting tariff, our underground cost differential is the responsibility of the customer as defined in T&CS paragraph 6. Additionally, AEP proposals for roadway lighting identified that the trenching and conduit costs were the responsibility of the customer. The prints also detailed that information.

We are ready to begin construction on the project. The only thing currently lacking is the completion of the right-of-way documents for site "B". Those were mailed to A. V. Rash's home on April 3, 2002 (see attached letter). To date we have not received them. Completion of the roadway lighting is dependent upon the trenching and the installation of conduit in addition to completion of roadway site construction.

American Electric Power takes pride in its economic development history. I think our record speaks for itself. However, what we cannot do is discriminate from customer to customer in the application of our T&CS. We try to be fair in applying them to everyone.

Please call me if there are additional unanswered questions.

Sincerely,



Timothy C. Mosher
Kentucky State President

Attachments

C: Dr. E. Linn Draper	wo/a
Errol Wagner	wo/a
E. J. Clayton	wo/a